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MHFA

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QUALITY HOUSING FOR TODAY AND TOMORROW

MHFA Policy Against Discrimination

MHFA Policy of Non-Discrimination

The Massachusetts Housing Finance Agency does not discriminate on the basis of race, color, religion, sex, national origin, ancestry, sexual orientation, age, familial status or physical or mental disability in the access or admission to its programs or employment, or in its activities, functions, or services. The following persons are responsible for coordinating compliance with applicable non-discrimination requirements:

Wilson Henderson

Equal Opportunity Director

Ann Anderson

504/ADA Coordinator

Deb Sullivan

504/ADA Employment Coordinator

Wendy Warring

General Counsel

FYI: Alternate Formats

This brochure also is available in alternate formats such as large print or audio cassette. Such formats can be provided if necessary upon sufficient notice by contacting:

MHFA's Public Information Department

TEL (617) 854-1841

FAX (617) 854-1839

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1997 IN REVIEW

Affordable Homeownership

More than \$116 million in mortgage loan financing helped 1,794 families achieve the dream of homeownership. Downpayment options of 3% or 5% and favorable underwriting terms make it easier for low- and moderate-income families to become owners.

MHFA launched two new programs. The Homeowner Septic Repair Loan Program helps ease the burden that owners face with failed septic systems. The Construction Loan Program creates new affordable homes for low- and moderate-income families.

Developing Affordable Rental Housing

MHFA financed the creation of hundreds of new units in assisted living developments for frail elders, an example of MHFA's active participation in developing housing for niche markets.

New Tax Credit Equity Bridge Loans provide "one-stop" mortgage and equity financing for developers of mixed-income housing and enhances MHFA's competitiveness in the marketplace.

Preserving Affordable Rental Housing

MHFA's Friendly Prepayment Program received national recognition with the presentation by NCSHA of the 1997 Award for Program Excellence. The program provides an alternative for owners of older "expiring use" rental properties to refinance their developments rather than pre-pay their mortgages and convert to market-rate units.

Comprehensive analysis completed on MHFA's SHARP rental housing portfolio and negotiations with owners have begun on long-term work-out strategies tailored to each property's unique characteristics and economics to assure financial stability.

Special Initiatives

The Demonstration Disposition Program moved forward with the award of the first six construction contracts by MHFA. The program will see 2,200 units of HUD-foreclosed housing in Boston renovated or rebuilt with ownership ultimately transferred to residents or resident-selected owners.

MHFA was approved to participate in HUD's Multifamily Portfolio Reengineering Demonstration, designed to reduce Section 8 subsidy costs while preserving the availability of affordable housing. MHFA is only the second HFA awarded this designation.

MHFA's award-winning Youth Resident Activities Program is now active in more than 50 MHFA-financed developments throughout the state. The program, which received \$400,000 in the latest round of funding from MHFA, provides young people living in MHFA-financed rental housing with constructive educational, employment and recreational opportunities.

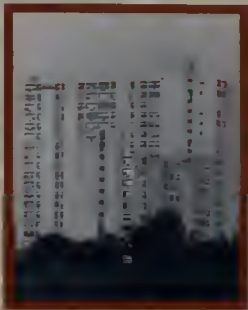
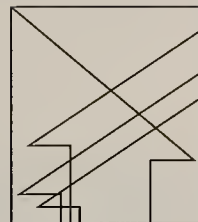


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ABOUT MHFA

THE MASSACHUSETTS HOUSING FINANCE AGENCY

MHFA offers a variety of financial resources to promote decent, safe and affordable housing throughout the Commonwealth. Since its creation in 1966, MHFA's programs have helped tens of thousands of low- and moderate-income people buy their first home or rent affordable apartments. MHFA's programs also enable lenders to increase their investment in affordable mortgage and bond programs and developers to maximize new business opportunities in niche market areas. MHFA's commitment to challenge traditional lending practices combines innovation with sound business practices; a philosophy that reinforces the Agency's position as the leader in affordable housing finance in Massachusetts.

From MHFA's Chairman & Executive Director

MHFA has implemented a top-to-bottom reorganization, which aligns the Agency along three primary business areas: the development of new mixed-income rental housing, oversight for existing subsidized rental properties and homeownership lending activities. Restructuring our operations to better support these areas strengthens and improves the Agency's ability to meet Massachusetts' affordable housing needs and directly translates into better service for our customers. MHFA is prepared to substantially increase affordable housing opportunities in a new era of housing finance where resources are scarce and the need for innovation and flexibility is high. And as a lender created specifically to serve a public purpose, MHFA will continue to preserve its existing portfolio without cutting corners on quality or displacing current low-income residents. MHFA is setting the pace for the affordable housing finance industry through better service, faster and more creative credit decisions and quality asset oversight, while continuing to serve as a vital and active lending resource for Massachusetts residents.



Michael J. Dirrane
Chairman

Steven D. Pierce
Executive Director

Making Homeownership Affordable

While homeownership rates in America are reaching all-time highs, many people find they are unable to buy their first home without assistance. MHFA's homeownership programs are designed to help low- and moderate-income families who might face difficulties obtaining a mortgage through conventional financing.

Qualified buyers who are income eligible can apply for an MHFA mortgage through a network of lenders which covers every city and town in the state. All homes purchased with MHFA funds – whether they are single family houses, 2-4 unit properties or condominiums – must fall within federally established price limits and be owner-occupied.

MHFA's programs do more than just help new buyers. They also promote successful ownership for the long term. MHFA's in-house customer service center provides personalized assistance tailored to the unique needs of the low- and moderate-income borrower. Our foreclosure prevention program offers one-on-one counseling and work-out options. Financing also is available to make capital repairs or improvements to protect a family's most valuable asset: its home.

First-time Buyer Programs

General Lending Program provides below market-rate financing to borrowers meeting MHFA's general eligibility guidelines.

Homebuyer Counseling educates buyers on the homeownership process through workshops provided by certified organizations throughout the state.

Home Improvement Programs

Septic Repair Loan Program makes below market-rate mortgages to owners who need to comply with the state's Title V requirements.

Get the Lead Out provides lead abatement financing to homeowners, investor-owners and non-profit organizations throughout the state.

New Construction Financing

Construction Loan Program provides affordable construction financing to small-scale builders of residential units priced to sell within MHFA acquisition limits.

Benefits of MHFA Financing

- Reduced interest rates
- Downpayments as low as 3% and 5%
- Favorable underwriting guidelines
- Rehabilitation financing options
- Access to MHFA mortgage insurance products
- Opportunities for homeownership counseling
- 0, 1 and 2 points options available

Consumer Hotline
(617) 854-1020

FACTS & FIGURES

MHFA mortgages are distributed through participating lenders to low- and moderate-income borrowers who are credit-worthy, meet MHFA income guidelines and who are buying a home within established price guidelines. To date, MHFA has provided \$2.24 billion in mortgages, which has assisted 33,437 households to buy their first home. More than \$37.5 million in financing through MHFA's specialized home improvement programs has also enabled 3,459 owners to make needed repairs, increase accessibility, correct code violations or improve energy efficiency. A list of participating lenders can be obtained by calling MHFA's Consumer Hotline.

MHFA Borrower Profile

Average Purchase Price **\$99,905**

Downpayments of 5% or Less **57%**

Median Income **\$36,130**

SINGLE FAMILY Strategy for the Future

Implemented last year, MHFA's Strategic Plan maps the course for MHFA to aggressively compete in the affordable housing arena. For MHFA's Single Family Business, key elements of the plan focus on:

- Increasing the amount of money available to qualified borrowers
- Identifying new partners to deliver competitively priced products in today's lending market
- Reducing paperwork for customers and standardizing programs for faster approvals
- Developing new products for niche market areas and underserved consumers, such as residents of urban areas, owners of 2-4 unit homes and minorities



Elizabeth and Salvatore Savinelli were able to comply with the state's Title V requirements thanks to MHFA's Septic Repair Loan Program.



Cynthia Strother safeguarded the health of her grandchild with assistance from MHFA's Get the Lead Out Program.



Kelly and Abraham Rivera relax with their children, Abraham, Jr. and Kisha, in their new home following completion of a homebuyer counseling workshop offered through Hampden-Hampshire Housing Partnership in Springfield.



Tudor Commons in South Boston is one of the latest developments financed through MHFA's Construction Loan Program, an effort which is bringing new ownership opportunities to first-time buyers.

Developing Affordable Rental Housing

MHFA's housing finance programs play a vital role in the creation of hundreds of affordable rental units throughout the state each year. MHFA's part in the production of this type of housing is more important than ever as federal subsidies disappear, competition for Low Income Housing Tax Credits and other resources becomes fierce, and the market tightens due to the end of rent control and the expiration of subsidy contracts. Through MHFA, developers can access the most responsive package of "one-stop" debt and equity financing products available for a range of affordable rental housing options, such as mixed-income developments and assisted living housing for frail elders.

MHFA also is breaking new ground with special initiatives that fall outside the range of conventional financing. Efforts such as the HUD Demonstration Disposition Program are stabilizing neighborhoods and highlight MHFA's capacity and flexibility to go beyond the bounds of traditional housing finance.

New Construction

80/20 Program makes financing available for the purchase, rehabilitation and/or new construction of rental developments that reserve a minimum of 20% of the units for low-income occupancy without the need for state or federal rent subsidies.

Assisted Living

Elder CHOICE provides financing for the development of assisted living residences with access to on-site supportive services, such as personal care and household maintenance.

Elder 80/20 fills a gap between conventional elderly housing without services and the full-service personal care programs provided as part of Elder CHOICE projects.

Special Initiatives

HUD Demonstration Disposition Program is an innovative partnership between HUD and MHFA which will see the redevelopment of more than 2,000 units of affordable housing in 11 HUD-owned developments in Boston.

Options for Independence responds to the need for cost-effective financing for community-based residences for former residents of state hospitals and training schools.

Program Enhancements

Low Income Housing Tax Credits are a critical federal resource that can be used in conjunction with MHFA financing to create mixed-income developments.

Bridge Loan Financing enables developers syndicating Tax Credits to access the majority of tax credit equity during the construction phase rather than over several years.

FHA Risk Sharing Program provides federal mortgage insurance as a credit enhancement for loans made under the 80/20, Elder CHOICE and Elder 80/20 programs.

Benefits of MHFA Financing

Reduced interest rates

30 – 40 year terms

Non-recourse financing

90% loan-to-value ratio

Flexible underwriting guidelines

Construction, permanent and bridge financing

Technical assistance

110 – 115 debt service coverage

4% Low Income Housing Tax Credits

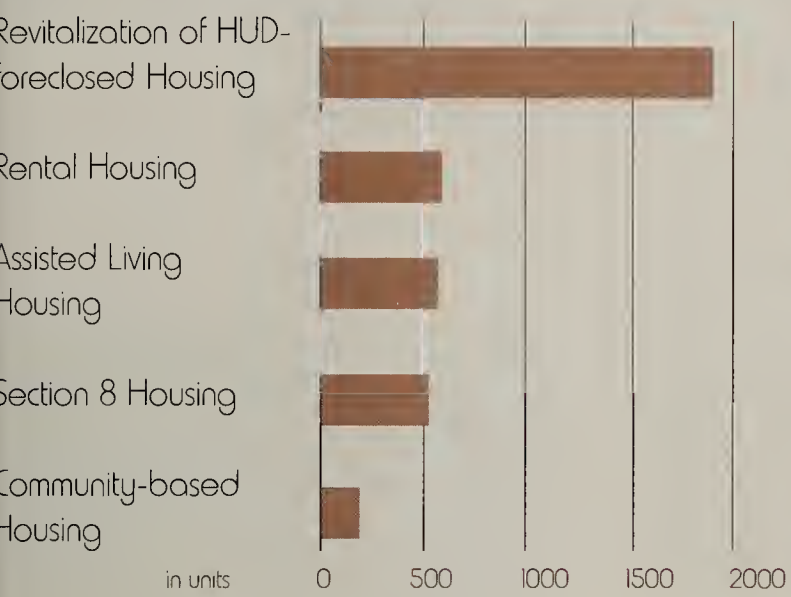
More Information
(617) 854-1371

FACTS & FIGURES

MHFA rental housing programs have provided \$3.24 billion in permanent and construction financing to create 70,473 units in 590 developments throughout the state to both private and non-profit developers. MHFA-financed projects contribute to a community's affordable housing goals, which are established by state law. MHFA-financed housing can provide a financially feasible and collaborative way for communities to create more affordable housing opportunities.

MHFA New Production Profile

Based on loans closed within last 2 years



The 119-unit Sonoma, Maple & Schuyler Apartments in Dorchester will be renovated as part of the Demonstration Disposition Program.



Frail elders enjoy all the comforts of home, as well as safety and assistance, at the Elder CHOICE-financed Cohen Florence Levine Estates in Chelsea.



Financed with assistance from MHFA's 80/20 Program, Princeton Crossing in Salem provides 358 rental units, 72 of which are preserved for low-income residents.

MULTIFAMILY DEVELOPMENT Strategy for the Future

Based on the market analyses conducted as part of MHFA's Strategic Planning process implemented last year, MHFA's affordable rental development activity will focus on:

- Developing new products and niche loan programs to address unmet needs
- Combining and strengthening relationships with partners to create affordable rental housing with a minimum of public resources
- Streamlining underwriting processes to produce faster loan approvals
- Promoting MHFA's competitive advantages of low interest rates, comprehensive permits and non-recourse debt



South End Cooperative Housing was the first development in the country to secure financing through the HUD/MHFA Risk Sharing Program

Preserving Affordable Housing

Sustaining the health and growth of MHFA's existing rental portfolio is as important as creating new housing and underscores MHFA's commitment to ensuring access to affordable housing by hardworking families. MHFA's oversight efforts provide unique resources to owners of older developments. These efforts are designed to preserve and improve structural integrity, bolster the quality of life for residents and help maintain the long-term affordability of older developments at a time when many owners have an option to prepay their mortgages and convert to all-market-rate units. MHFA's proven ability as an affordable housing lender also has been recognized by the federal government with the designation of the Agency to serve as HUD's partner in the delivery and administration of federal housing programs in Massachusetts.

Resources for Owners & Residents

Friendly Prepayment Program encourages owners of "expiring use" housing not to pre-pay their mortgages and convert to all-market-rate units, thereby safeguarding the affordable component of many of MHFA's older developments.

Expiring Use Bridge Loan enables owners of MHFA-financed "expiring use" properties to pay for needed repairs and upgrades.

Tenant Assistance Program provides training to property managers and tenants about such topics as alcohol and other drug abuse, parenting skills, nutrition and AIDS awareness, and how these issues impact MHFA properties and residents.

Resident Security Program is a national model of privatized law enforcement. Security firms, contracted by MHFA, are reducing criminal activity in MHFA and HUD-assisted urban developments.

Youth Resident Assistance Program offers year-round educational, employment and secure recreational opportunities to young residents of MHFA housing.

Special Initiatives

Low Income Housing Tax Credits are an important federal resource used with MHFA tax-exempt financing for the production and/or preservation of affordable rental housing.

HUD Multifamily Portfolio Reengineering Demonstration is intended to restructure mortgages and take other related actions to reduce the risk to the Federal Housing Administration Insurance Fund and lower Section 8 subsidy costs while preserving affordable housing.

Benefits of MHFA Asset Management

Experienced staff knowledgeable in recapitalization options and federal subsidy programs

Comprehensive, pro-active approach to asset management

Technical assistance and streamlined oversight process

Competitive financing packages

Aggressive work-out solutions for non-performing loans

More Information
(617) 854-1145

FACTS & FIGURES

MHFA has provided \$3.24 billion in permanent and construction financing for the development of 590 rental projects in 140 communities across the state, making MHFA's rental loan portfolio one of the largest in Massachusetts. To maintain the financial and physical integrity of its portfolio, MHFA works aggressively to preserve long-term affordability and fiscal viability, particularly for older "expiring use" developments. For delinquent properties, or developments at risk of becoming delinquent, MHFA's asset management staff establishes individual "work-out" options to prevent foreclosure as well as identifies federal, state, local and other resources to preserve the present and future health of the portfolio.

MHFA Rental Portfolio Profile

Based on 70,473 units in 590 developments



MULTIFAMILY ASSET MANAGEMENT Strategy for the Future

A major component of MHFA's Strategic Plan focuses on ensuring the health of the Agency's portfolio of rental housing as it expands and matures. Key elements of this plan focus on:

- Creating additional affordable housing with the minimum amount of public subsidy
- Preserving existing affordable housing whenever financially feasible
- Ensuring that all properties are financially sound and employing "best practices" in day-to-day operations
- Acting as HUD's primary state-wide partner to ensure that federal funds are used in the most effective manner possible



The refinancing of Rockingham Glen in West Roxbury through the Friendly Pre-Payment Program ensured the development's long-term affordability.



MHFA's preservation efforts include \$10 million in capital improvements being made to 808 Memorial Drive in Cambridge.



One of 82 MHFA-financed projects built through the SHARP program, the 140-unit Heritage Commons in Lawrence is an example of how owners are working with MHFA to reduce operating deficits and attract capital investment.



The sale of 448-unit River Place Towers in Lowell to Princeton Properties resulted in \$3.5 million in renovations and assured the development would be maintained as affordable housing.

MHFA Investment at Work

MHFA Total Investment to Date

- \$5.55 billion
- 36,896 families helped to purchase/repair homes with \$2.28 billion in MHFA financing. More than \$26.7 million in construction financing loaned for the development of new single family homes
- 70,473 mixed-income units in 590 developments created with \$3.24 billion in MHFA permanent and construction financing

Regional Breakout of MHFA Investment

Region	Rental Loans	# of Properties	# of Units	Home Mortgages	# of Loans	Total
City of Boston	\$ 943,673,795	163	18,087	\$ 285,481,965	4,231	\$1,229,155,760
Greater Boston	\$1,011,151,662	184	21,584	\$ 625,497,600	9,366	\$1,636,649,262
Northern	\$ 292,990,210	40	5,402	\$ 305,356,595	4,990	\$ 598,346,805
Southeastern	\$ 365,578,460	85	9,508	\$ 416,189,834	6,733	\$ 781,768,294
Central	\$ 316,657,245	46	7,085	\$ 246,922,114	4,186	\$ 563,579,359
Western	\$ 315,481,028	72	8,807	\$ 399,618,195	7,390	\$ 715,099,223

STATEWIDE

Economic Impact

Figures based on data collected from audits of MHFA permanently financed rental developments.

By the close of 1997, MHFA's investment in affordable housing in the state topped \$5.55 billion and generated:

- \$279 million in operating revenues annually by MHFA permanently financed developments;
- \$31.3 million in local real estate taxes and \$10.8 in state and federal taxes annually.

By Community

MHFA-financed rental developments are located in hundreds of urban, suburban and rural communities across the state and breakdown as follows:

urban:
67.25%

suburban:
22.76%

rural:
9.99%

MHFA Lending Activity

The following developments received permanent or construction loan financing through MHFA in 1997:

ACADEMY HOMES I Boston

\$7.6 million in permanent and construction loans for the rehabilitation of this 202-unit development. The project is being developed by Urban Edge Housing Corporation and the Academy Homes Tenants Council.

AEI GROUP HOMES II Abington, Hanover, Scituate

\$1.26 million in construction financing for three separate homes to Attleboro Enterprises, Inc., through the MHFA Options for Independence Program.

AVALON OAKS Wilmington

\$17.8 million in new permanent financing to Avalon Properties, Inc., through MHFA's 80/20 program for the development of 204 units of newly constructed housing.

THE BASILICA Charlestown Navy Yard

\$11.6 million in financing through MHFA's Single Family Construction Loan Program to the Franklin Realty Company of North Reading for the purchase and rehabilitation of a 92-unit condominium development.

BRAYTON HILL North Adams

MHFA acted as the catalyst to produce \$1.2 million in new investment through the federal Low Income Housing Tax Credit program. The investment by Related Capital Corp. was used to revitalize this 100-unit development. MHFA also assisted in obtaining \$200,000 of HUD Flexible Subsidy funds, which was part of an \$800,000 project repair program.

CHATHAM WEST I Brockton

\$1.7 million in MHFA energy conversion financing to Beacon Residential Management Company for this 300-unit development.

HERITAGE AT DANVERS Danvers

\$8.9 million to National Development of New England/ADS Senior Housing, Inc., for the permanent financing of 80 units of assisted living housing through the MHFA Elder CHOICE program.

INDIAN MOTOCYCLE Springfield

MHFA assisted in the stabilization of this foreclosed 139-unit SHARP development by organizing a new ownership structure that produced \$1.4 million in equity investment through the federal Low Income Housing Tax Credit program.

MAPLEWOOD PLACE Malden

\$9.9 million to The Newton Group, LLC, for the renovation of the former Marcia P. Brown Junior High School into 98 units of assisted living housing. The renovations were funded through the MHFA Elder CHOICE program.

808 MEMORIAL DRIVE Cambridge

MHFA provided \$4.6 million in mortgage increases to help fund \$10 million in repairs. MHFA also assisted Homeowners Rehab Inc. to negotiate a sales price reduction of \$1 million and to produce a competitive \$7 million equity investment in this 301-unit development.

NEW PORT ANTONIO APARTMENTS Boston

\$5.4 million to Long Bay Management Company for the renovation of this 227-unit scattered-site development.

PALMER GREEN DEVELOPMENT Palmer

\$800,000 MHFA energy conservation loan to Beacon Residential Management Company for this 156-unit development.

PARKER HILL APARTMENTS Boston

\$5.3 million in financing to the Iroquois Street Limited Partnership for the acquisition and rehabilitation of a 92-unit development through MHFA's 80/20 Program.

PERRY STREET Lowell

MHFA negotiated a recapitalization transaction that resulted in a \$1 million equity investment through the federal Low Income Housing Tax Credit program.

PINE ESTATES I Brockton

\$2.2 million MHFA energy conversion loan to Beacon Residential Management Company for this 289-unit development.

ROCKINGHAM GLEN Boston

Affordable housing at the 143-unit development was preserved with a \$2.8 million replacement loan to the Rockingham Glen Limited Partnership through the MHFA Friendly Prepayment program. An additional \$1.9 million was obtained through the Agency's Bridge Loan program to fund capital improvements.

WESTWOOD GLEN Westwood

Affordable housing at the 156-unit elderly development was preserved with a \$1.9 million replacement loan to the Westwood Glen Limited Partnership through the MHFA Friendly Prepayment program. An additional \$2.5 million was obtained through the Agency's Bridge Loan program to fund capital improvements.

TUDOR COMMONS South Boston

\$2 million in financing to the Tudor Commons Realty Trust through the MHFA Single Family Construction Loan Program for 22 tri-level condominiums. This was the first new construction of affordable housing in South Boston in almost a decade.

THE UNION AT FALL RIVER Fall River

\$4 5 million to the Farmington Limited Partnership for the renovation of an existing hotel into 88 units of assisted living through the MHFA Elder CHOICE program.

WHITEHALL ESTATES Hyannis

\$7.4 million to Parkside Senior Services, LLC for the new construction of 80 units of assisted living through the MHFA Elder CHOICE program.



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